

KENOSHA UNIFIED SCHOOL DISTRICT, et al.,

Plaintiffs,

v.

Case No: 2008CV013726

STIFEL NICOLAUS & COMPANY, INCORPORATED,
et al,

Defendants.

ANSWER TO SECOND AMENDED COMPLAINT

Defendant RBC Capital Markets Corporation ("RBCCM") by and through its attorneys, Peterson, Johnson & Murray, S.C. and Gibson, Dunn & Crutcher LLP, answers Plaintiffs' Second Amended Complaint ("the Complaint") as follows:

1. RBCCM denies the allegations in Paragraph 1 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, except admits that Plaintiffs collectively purchased \$200 million dollars in investments that are the subject of this lawsuit.

2. RBCCM denies the allegations in Paragraph 2 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

3. RBCCM denies the allegations in Paragraph 3 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the

remaining allegations.

4. Paragraph 4 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 4 insofar as they relate to it, lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

5. Paragraph 5 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 5 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

6. RBCCM denies the allegations in Paragraph 6 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, except admits that five Wisconsin school districts from Kenosha, Kimberly, Waukesha, West Allis-West Milwaukee and Whitefish Bay, and their respective Post Employment Benefits Trusts, are the Plaintiffs in this action.

7. Paragraph 7 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 7.

8. RBCCM denies the allegations in Paragraph 8 of the Complaint, except lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Joseph T. Mangi and admits that the Kenosha Trust was established on June 28, 2005.

9. RBCCM denies the allegations in Paragraph 9 of the Complaint, except lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Gary M. Kvasnica and admits that the Kimberly Trust was established on August 28, 2006.

10. RBCCM denies the allegations in Paragraph 10 of the Complaint, except lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Lauri Clifton and admits that the Waukesha Trust was established on June 26, 2006.

11. RBCCM denies the allegations in Paragraph 11 of the Complaint, except lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Kurt Wachholz and admits that the West Allis-West Milwaukee Trust was established on May 8, 2006.

12. RBCCM denies the allegations in Paragraph 12 of the Complaint, except lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning Shawn M. Yde and admits that the Whitefish Bay Trust was established on June 1, 2003.

13. Paragraph 13 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 13.

14. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 14 of the Complaint.

15. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 15 of the Complaint.

16. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 16 of the Complaint, except admits that Stifel is registered as a broker-dealer with the Securities and Exchange Commission ("SEC").

17. Paragraph 17 of the Complaint purports to state legal conclusions to which no response is required. To the extent that a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 17.

18. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 18 of the Complaint, except admits that Stifel is a member of the Financial Industry Regulatory Authority ("FINRA").

19. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 19 of the Complaint.

20. Paragraph 20 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 20.

21. Paragraph 21 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 21.

22. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 22 of the Complaint.

23. Paragraph 23 of the Complaint purports to state legal conclusions to which no

response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 23.

24. RBCCM denies the allegations in Paragraph 24 of the Complaint in the form alleged, except admits that Royal Bank of Canada Europe, Ltd. ("RBCCEL"): is a foreign corporation based in London, United Kingdom; is authorized by the Financial Services Authority to conduct banking business; and provides a range of banking and financial services to its clients.

25. RBCCM denies the allegations in Paragraph 25 of the Complaint, except admits that RBCCEL was involved in structuring the investments at issue and participated in drafting certain closing documents relating to same.

26. RBCCM denies the allegations in Paragraph 26 of the Complaint, except admits that RBC Capital Markets Corporation is a Minnesota corporation with its principal place of business at One Liberty Plaza, 165 Broadway, New York, NY and that RBCCM is registered to transact business and transacts business within the state of Wisconsin.

27. RBCCM denies the allegations in Paragraph 27 of the Complaint in the form alleged, except admits that RBC Capital: is the corporate and investment banking division of the Royal Bank of Canada; is registered as a broker-dealer with the SEC; and is a member of FINRA. RBCCM respectfully refers the Court to the membership documents governing the relationship between FINRA and RBCCM for the contents and legal effect thereof.

28. RBCCM admits the allegations in Paragraph 28 of the Complaint.

29. RBCCM denies the allegations in Paragraph 29 of the Complaint, except admits that RBC Capital Markets Holdings (USA) Inc. is a Delaware corporation with its principal place of

business in Minneapolis, MN.

30. Paragraph 30 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 30, except admits that RBC Holdings owns at least 75% of RBCCM.

31. RBCCM denies the allegations in Paragraph 31 of the Complaint in the form alleged, except admits that it participated in the preparation of certain materials relating to the investments at issue.

32. Paragraph 32 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 32.

33. Paragraph 33 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 33 insofar as they relate to it or any other RBC entity named as a defendant in this action, and lacks knowledge or information sufficient to form a belief as to the remaining allegations.

34. Paragraph 34 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 34 insofar as they relate to it or any other RBC entity named as a defendant in this action, and lacks knowledge or information sufficient to form a belief as to the remaining allegations.

35. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of

the allegations in Paragraph 35 of the Complaint.

36. Paragraph 36 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 36.

37. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 37 of the Complaint.

38. Paragraph 38 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 38.

39. Paragraph 39 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 39.

40. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 40 of the Complaint.

41. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 41 of the Complaint.

42. RBCCM denies the allegations in Paragraph 42 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

43. Paragraph 43 of the Complaint purports to state legal conclusions to which no

response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 43.

44. Paragraph 44 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 44.

45. Paragraph 45 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 45.

46. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 46 of the Complaint.

47. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 47 of the Complaint.

48. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 48 of the Complaint.

49. RBCCM denies the allegations in Paragraph 49 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

50. RBCCM denies the allegations in Paragraph 50 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

51. RBCCM denies the allegations in Paragraph 51 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

52. RBCCM denies the allegations in Paragraph 52 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

53. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 53 of the Complaint.

54. RBCCM denies the allegations in Paragraph 54 of the Complaint in the form alleged, except admits that Plaintiffs purchased Credit Linked Notes ("CLNs") rated AA- by Standard & Poor's linked to the performance of Credit Default Swaps.

55. RBCCM denies the allegations in Paragraph 55 of the Complaint in the form alleged, except admits that the CLNs purchased by the Trusts were linked to the performance of Credit Default Swaps.

56. RBCCM denies the allegations in Paragraph 56 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

57. RBCCM denies the allegations in Paragraph 57 of the Complaint in the form alleged, except admits that a Credit Default Swap is a bilateral contract wherein, for a set amount of money, one party agrees to cover the credit risk of one or more identified entities and to pay out losses to the other contracting party resulting from a specified "credit event."

58. RBCCM denies the allegations in Paragraph 58 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

59. Paragraph 59 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 59 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

60. RBCCM denies the allegations in Paragraph 60 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

61. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 61 of the Complaint, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

62. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 62 of the Complaint.

63. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 63 of the Complaint, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

64. Paragraph 64 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 64 insofar as they relate to it, and lacks knowledge or information sufficient to form a

belief as to the truth of the remaining allegations.

65. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 65 of the Complaint, and respectfully refers the Court to the document referenced therein for the contents and legal effect thereof.

66. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 66 of the Complaint.

67. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 67 of the Complaint, and respectfully refers the Court to the document referenced therein for the contents and legal effect thereof.

68. Paragraph 68 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 68 insofar as they relate to it, lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, and respectfully refers the Court to the document referenced therein for the contents and legal effect thereof.

69. Paragraph 69 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 69 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

70. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 70, except admits that Deb Pederson, Charles Powis, and Rob Pomphrett attended a presentation to certain Wisconsin school districts on July 26, 2006.

71. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 71 of the Complaint.

72. RBCCM denies the allegations in Paragraph 72 of the Complaint insofar as they relate to it, lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, and respectfully refers the Court to the document referenced therein for the contents and legal effect thereof.

73. RBCCM denies the allegations in Paragraph 73 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

74. RBCCM denies the allegations in Paragraph 74 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

75. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 75 of the Complaint.

76. RBCCM denies the allegations in Paragraph 76 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

77. RBCCM denies the allegations in Paragraph 76 insofar as they relate to it, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

78. RBCCM denies the allegations in Paragraph 78 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

79. RBCCM denies the allegations in Paragraph 79 of the Complaint in the form alleged, and respectfully refers the Court to the documents governing the investments at issue for a complete and accurate reflection of the structure and terms of the transactions.

80. RBCCM denies the allegations in Paragraph 80 of the Complaint in the form alleged, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

81. RBCCM denies the allegations in Paragraph 81 of the Complaint in the form alleged, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

82. RBCCM denies the allegations in Paragraph 82 of the Complaint.

83. RBCCM denies the allegations in Paragraph 83 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

84. RBCCM denies the allegations in Paragraph 84 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

85. RBCCM denies the allegations in Paragraph 85 of the Complaint.

86. RBCCM denies the allegations in Paragraph 86 of the Complaint.

87. RBCCM denies the allegations in Paragraph 87 of the Complaint.

88. RBCCM denies the allegations in Paragraph 88 of the Complaint, except lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning the GOAL Program.

89. RBCCM denies the allegations in Paragraph 89 of the Complaint, except admits that Pederson attended a presentation to certain Wisconsin school districts on July 26, 2006.

90. Paragraph 90 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 90.

91. RBCCM denies the allegations in Paragraph 91 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

92. RBCCM denies the allegations in Paragraph 92 of the Complaint.

93. RBCCM denies the allegations in Paragraph 93 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

94. RBCCM denies the allegations in Paragraph 94 of the Complaint.

95. Paragraph 95 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 95.

96. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 96 of the Complaint.

97. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 97 of the Complaint.

98. RBCCM denies the allegations in Paragraph 98 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

99. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 99 of the Complaint, except admits that a secured lender generally receives collateral as security for a loan, and generally can make a “margin call” for additional security from the borrower if the value of held collateral falls below a specified level.

100. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 100 of the Complaint.

101. RBCCM denies the allegations in Paragraph 101 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

102. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 102 of the Complaint.

103. RBCCM denies the allegations in Paragraph 103 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the

remaining allegations.

104. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 104 of the Complaint.

105. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 105 of the Complaint.

106. RBCCM denies the allegations in Paragraph 106 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

107. RBCCM denies the allegations in Paragraph 107 of the Complaint insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

108. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 108 of the Complaint, except admits that the School District of West Allis-West Milwaukee OPEB Trust invested \$25,000,000 in Tribune Limited Series 30 Floating Rate Credit-Linked Notes due 2013, issued by Tribune Limited, and that this transaction closed on June 27, 2006.

109. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 109 of the Complaint.

110. RBCCM admits the allegations in Paragraph 110 of the Complaint.

111. RBCCM denies the allegations in Paragraph 111 of the Complaint, except admits that

the credit risk derived from the ACA CDS 2006-1 Tranche C.

112. RBCCM denies the allegations in Paragraph 112 of the Complaint.

113. RBCCM denies the allegations in 113 of the Complaint in the form alleged, and respectfully refers the Court to the document referenced therein for the contents and legal effect thereof.

114. RBCCM denies the allegations in Paragraph 114 of the Complaint.

115. RBCCM admits the allegations in Paragraph 115 of the Complaint.

116. RBCCM denies the allegations in Paragraph 116 of the Complaint.

117. RBCCM denies the allegations in Paragraph 117 of the Complaint, except admits that the Sentinel 1 Notes included credit risk associated with a CDS transaction.

118. RBCCM denies the allegations in Paragraph 118 of the Complaint, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

119. RBCCM denies the allegations in Paragraph 119 of the Complaint.

120. RBCCM admits the allegations in Paragraph 120 of the Complaint.

121. RBCCM admits the allegations in Paragraph 121 of the Complaint.

122. RBCCM denies the allegations in Paragraph 122 of the Complaint.

123. RBCCM denies the allegations in Paragraph 123 of the Complaint, except admits that the Sentinel 2 Notes are exposed to the credit risk of Class C of the Corinthian CSO.

124. RBCCM denies the allegations in Paragraph 124 of the Complaint, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

125. RBCCM denies the allegations in Paragraph 125 of the Complaint.

126. RBCCM denies the allegations in Paragraph 126 of the Complaint.

127. Paragraph 127 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 127 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

128. Paragraph 128 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 128 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

129. Paragraph 129 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 129 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

130. Paragraph 130 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies that the OPEB Trusts were not qualified to buy unregistered securities, and admits that federal and state securities laws allow for the sale of unregistered securities to identified categories of investors.

131. Paragraph 131 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 131.

132. RBCCM denies the allegations in Paragraph 132 of the Complaint as alleged insofar as they relate to it, except admits that it was aware of—and complied with—all applicable securities laws in connection with the transactions at issue. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations, and respectfully refers the Court to the documents referenced therein for the contents and legal effect thereof.

133. Paragraph 133 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 133 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

134. Paragraph 134 of the Complaint purports to state legal conclusions to which no response is required. To the extent that a response is required, RBC denies the allegations in Paragraph 134 in the form alleged, except admits that federal and state securities laws define “Accredited Investor” to include a number of different entities and/or individuals that meet certain criteria.

135. Paragraph 135 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 135.

136. Paragraph 136 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 136.

137. Paragraph 137 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 137.

138. Paragraph 138 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 138.

139. Paragraph 139 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 139 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

140. Paragraph 140 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 140, except admits that each trustee provided an Investment Letter certifying that each respective Plaintiff Trust was “financially sophisticated” and qualified as an “accredited investor” under applicable securities laws.

141. Paragraph 141 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 141.

142. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-141 of the Complaint as if fully set forth herein.

143. Paragraph 143 of the Complaint purports to state legal conclusions to which no response is required.

144. Paragraph 144 of the Complaint purports to state legal conclusions to which no response is required.

145. Paragraph 145 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 145.

146. Paragraph 146 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 146.

147. Paragraph 147 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 147.

148. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-147 of the Complaint as if fully set forth herein.

149. Paragraph 149 of the Complaint purports to state legal conclusions to which no response is required.

150. Paragraph 150 of the Complaint purports to state legal conclusions to which no

response is required.

151. Paragraph 151 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 151 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

152. Paragraph 152 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 152 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

153. Paragraph 153 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 153 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

154. Paragraph 154 of the Complaint purports to state legal conclusions to which no response is required.

155. Paragraph 155 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 155.

156. Paragraph 156 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 156.

157. Paragraph 157 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 157 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

158. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-157 of the Complaint as if fully set forth herein.

159. Paragraph 159 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 159 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

160. Paragraph 160 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 160 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

161. Paragraph 161 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 161 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

162. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-161 of the Complaint as if fully set forth herein.

163. Paragraph 163 of the Complaint purports to state legal conclusions to which no

response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 163.

164. Paragraph 164 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 164.

165. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-164 of the Complaint as if fully set forth herein.

166. Paragraph 166 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 166 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

167. Paragraph 167 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 167 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

168. Paragraph 168 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 168 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

169. Paragraph 169 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in

Paragraph 169 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

170. Paragraph 170 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 170 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

171. Paragraph 171 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 171 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

172. Paragraph 172 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 172 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

173. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-172 of the Complaint as if fully set forth herein.

174. Paragraph 174 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 174 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

175. Paragraph 175 of the Complaint purports to state legal conclusions to which no

response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 175 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

176. Paragraph 176 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 176 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

177. Paragraph 177 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 177 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

178. Paragraph 178 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 178 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

179. Paragraph 179 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 179 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

180. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-179 of the Complaint as if fully set forth herein.

181. Paragraph 181 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 181 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

182. Paragraph 182 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 182 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

183. Paragraph 183 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 183 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

184. Paragraph 184 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 184 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

185. Paragraph 185 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 185 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

186. RBCCM repeats and incorporates each and every response to the allegations in

paragraphs 1-185 of the Complaint as if fully set forth herein.

187. Paragraph 187 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 187 insofar as they relate to it, except admits that it has expertise in both the arrangement and management of CDO structures. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 187.

188. Paragraph 188 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 188 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

189. Paragraph 189 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 189 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

190. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-189 of the Complaint as if fully set forth herein.

191. Paragraph 191 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 191 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

192. Paragraph 192 of the Complaint purports to state legal conclusions to which no

response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 192 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

193. Paragraph 193 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 193 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

194. Paragraph 194 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 194 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

195. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-194 of the Complaint as if fully set forth herein.

196. Paragraph 196 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 196 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

197. Paragraph 197 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 197 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

198. RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 198 of the Complaint.

199. Paragraph 199 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 199.

200. Paragraph 200 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 200.

201. Paragraph 201 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 201.

202. Paragraph 202 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 202 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

203. Paragraph 203 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 203 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

204. Paragraph 204 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in

Paragraph 204 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

205. RBCCM repeats and incorporates each and every response to the allegations in paragraphs 1-204 of the Complaint as if fully set forth herein.

206. Paragraph 206 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 206 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

207. Paragraph 207 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 207 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

208. Paragraph 208 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 208 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

209. Paragraph 209 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 209 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

210. RBCCM repeats and incorporates each and every response to the allegations in

paragraphs 1-209 of the Complaint as if fully set forth herein.

211. Paragraph 211 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 211 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

212. Paragraph 212 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 212 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

213. Paragraph 213 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 213 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

214. Paragraph 214 of the Complaint purports to state legal conclusions to which no response is required. To the extent a response is required, RBCCM denies the allegations in Paragraph 214 insofar as they relate to it, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations.

ADDITIONAL AND AFFIRMATIVE DEFENSES

RBCCM asserts the following affirmative defenses and reserves the right to amend this answer to assert other and further defenses when and if, in the course of its investigation, discovery, or preparation for trial it becomes appropriate. By designating these matters “defenses,” RBCCM does not intend to suggest either that plaintiffs do not bear the burden of proof as to such matters

or that such matters are not elements of plaintiffs' *prima facie* case against RBCCM.

FIRST DEFENSE

Any damages suffered by Plaintiffs were caused by their own carelessness or contributory negligence.

SECOND DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the doctrine of consent.

THIRD DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the doctrine of estoppel.

FOURTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the doctrine of waiver.

FIFTH DEFENSE

Plaintiffs' claims are barred based on their failure to join an indispensable party, DEPFA Bank plc.

SIXTH DEFENSE

Plaintiffs' claims fail because they cannot show the requisite scienter.

SEVENTH DEFENSE

Plaintiffs' claims fail because any alleged damages they suffered are not the result of reliance on statements or conduct of RBCCM.

EIGHTH DEFENSE

To the extent the Complaint alleges any claim resulting from any alleged breach of any standard of care allegedly owed by RBCCM, RBCCM specifically denies that it breached any such standard of care.

NINTH DEFENSE

Plaintiffs have not established that they are entitled to any attorney's fees under any act or theory forming the basis of any of their claims.

TENTH DEFENSE

Plaintiffs have not established that RBCCM is liable for any conduct for which punitive or treble damages could be awarded.

ELEVENTH DEFENSE

Plaintiffs' claim for punitive damages violates the excessive fines clause of the Eighth Amendment and the due process clause of the Fifth and Fourteenth Amendments of the United States Constitution, and violates Article I, Section I of the Wisconsin Constitution and Wisconsin Common Law.

TWELFTH DEFENSE

Plaintiffs fail to plead claims sounding in fraud with the particularity required by law. Due to the nature of the claims against it, RBCCM has denied the allegations put forth herein. However, such claims have not, and cannot, be answered in detail due to their vague and conclusory nature.

THIRTEENTH DEFENSE

Plaintiffs fail to state a claim upon which relief can be granted.

FOURTEENTH DEFENSE

Plaintiffs failed to mitigate their alleged damages.

FIFTEENTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the economic loss doctrine.

SIXTEENTH DEFENSE

Plaintiffs' Third Claim for Relief fails because they do not qualify as members of the public, as required by the Wisconsin Deceptive Trade Practices Act.

SEVENTEENTH DEFENSE

Plaintiffs' breach of contract claim is barred because private parties have no standing to bring a claim for a breach of FINRA rules, and because Plaintiffs are not third party beneficiaries of RBCCM's contract with FINRA.

EIGHTEENTH DEFENSE

Plaintiffs cannot state a claim for civil conspiracy to commit securities fraud because no such claim exists.

NINETEENTH DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the parole evidence rule.

TWENTIETH DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the contractual indemnities contained in the notes prospectuses.

TWENTY-FIRST DEFENSE

Plaintiffs' First Claim for Relief fails because Plaintiffs each are Accredited Investors under the law, or, RBCCM reasonably believed that they were Accredited Investors.

TWENTY-SECOND DEFENSE

Plaintiffs' First Claim for Relief against RBCCM fails as to the Tribune Notes because the Notes were sold to Stifel Nicolaus & Company, a Qualified Purchaser.

TWENTY-THIRD DEFENSE

Any injuries alleged by Plaintiffs were not proximately caused by any conduct of RBCCM.

TWENTY-FOURTH DEFENSE

Any alleged damages must be reduced or eliminated by the proportionate share of damages owed by any other named Defendant or third party.

WHEREFORE, defendant demands judgment dismissing the second amended complaint against it on the merits, together with its costs and disbursements herein.

TRIAL BY A JURY OF 12 OF ALL ISSUES PROPERLY TRIABLE TO A JURY IS
HEREBY DEMANDED.

Dated: February 25, 2010.

PETERSON, JOHNSON & MURRAY, S.C.

By: Michael J. Wirth
Terry E. Johnson
SBN: 1016704
Michael J. Wirth
SBN: 1034011

733 N. Van Buren Street
Milwaukee, WI 53202
Phone: (414) 278-8800
Fax: (414) 278-0920
tjohnson@pjmlaw.com
mwirth@pjmlaw.com

GIBSON, DUNN & CRUTCHER LLP

Mark A. Kirsch
Christopher M. Joralemon
Rachel A. Lavery
Sara A. Colb
Admitted Pro Hac Vice
200 Park Avenue
New York, NY 10166-0193
Phone: (212) 351-4000
Fax: (212) 351-4035

*Attorneys for Defendants RBC Capital Markets
Corporation*